

Message Text

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PAGE 01 TUNIS 03098 281545Z
ACTION NEA-10

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R 281115Z APR 78
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 895
INFO AMEMBASSY ALGIERS
AMEMBASSY BELGRADE
AMEMBASSY ROME
AMEMBASSY VIENNA
USDOC WASHDC

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DTOO ALSO PASS DEPT OF ENERGY AND EXIMBANK

E.O.11652: NA
TAGS: NERG TS AG IT
SUBJ: NEGOTIATIONS UNDERWAY FOR GOT PURCHASE
OF ALGERIAN GAS

1. NEGOTIATIONS ACTIVELY UNDERWAY SINCE LATE FEBRUARY FOR TUNISIAN PURCHASE OF ALGERIAN GAS TO BE DELIVERED VIA ALGERIAN-ITALIAN PIPELINE WERE PURSUED LAST WEEK IN ALGIERS BY GOT TEAM HEADED BY SECRETARY-GENERAL OF INDUSTRY, MINES AND ENERGY RIDHA ZRIBI AND ALSO INCLUDING ENERGY DIRECTOR KHELIFA KAROUI, STATE OIL COMPANY (ETAP) PRESIDENT AMOR ROUROU AND PRESIDENT DESIGNATE FOR MISKAR GAS PROJECT KAMEL REKIK.

2. NEGOTIATIONS, WHICH ARE DIRECTED TOWARDS LONG-TERM TUNISIAN PURCHASE OF RISING VOLUME OF ALGERIAN GAS (UP TO 1.2 MILLION CUBIC METERS ANNUALLY), REACHED ADVANCED STAGE BUT BITAL INGREDIENT STILL MISSING IS
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WHAT "GOOD NEIGHBOR" DISCOUNT GOA PREPARED TO GIVE TUNISIANS COLOW SALES PRICE TO ITALIANS. (BOUMEDIENNE IS SAID TO HAVE SOME MONTHS AGO PROMISED UNSPECIFIED POLITICAL DISCOUNT.) GIVEN THAT PRICE AT WHICH GAS SOLD TO ITALIANS AT ALGERIAN-TUNISIAN BORDER BORDER BELIEVED TO BE 35 PERCENT BELOW THERMAL EQUIVALENT IN FUEL OIL (AND INDEXED TO MAINTAIN THIS RELATIONSHIP), ANY FUR-

THEIR REDUCTION WOULD MAKE GAS VERY ATTRACTIVE PRO-
POSITION TO GOT. HOWEVER, TUNISIA NS SAY THAT PRECI-
SION IN RESPECT TO DISCOUNT PROBABLY WILL TAKE SOME
TIME SINCE THIS COULD WELL NECESSITATE DISCUSSIONS AT
PRESIDENTIAL OR PRIME MINISTERIAL LEVEL.

3. NEGOTIATIONS IN RESPECT TO PURCHASE OF ALGERIAN
GAS ARE IN PARALLEL WITH SDUTY FOR TEN-YEAR TUNISIAN
ENERGY POLICY AND CONTINUING PREPARATORY WORK (EXA-
MINATION OF BIDS, ETC.) FOR MISKAR OFFSHORE GAS PRO-
JECT. OUTCOME OF NEGOTIATIONS WITH ALGERIAN LIKELY
TO BE ONE MAJOR ELEMENT IN ULTIMATE GOT DECISION WHE-
THER TO PROCEED DIRECTLY WITH MISKAR, OR DELAY ITS
IMPLEMENTATION.

4. FOR ALGIERS, VIENNA AND BELGRADE: EMBASSY IN-
FORMED THAT NEGOTIATIONS ARE AT ADVANCED STAGE BE-
TWEEN SONATRACH AND AUSTRIAN AND UOGOSLAV STATE PUR-
CHASERS FOR TOTAL OF AT LEAST 3 BILLION CUBIC METERS
OF NATURAL GAS ANNUALLY, WHICH WOULD BE DELIVERED VIA
SAME ALGERIA TO ITALY PIPELINE TRANSITTING TUNISIA.
TUNISIAN OFFICIALS SAY THIS ADDITIONAL THROUGHPUT
WILL NECESSITATE SOME UPGRADING IN PLANNED CAPACITY
(INCREASED PUMPING POWER) FOR 48-INCH PIPELINE.
RATHER THAN VIEWING THIS WITH DELI-
VERY CAPACITY FOR TUNISIA, THEY NOTE THAT INCREASE
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TIN TOTAL PIPELINE CAPACITY WILL INCREASE BOTH TRAN-
SIT DUES PAYABLE TO TUNISIA AND ABSOLUTE VOLUME
CORRESPONDING TO THE APPROXIMATELY 10 PERCENT MARGI-
NAL CAPACITY WHICH GOT COULD EXPECT TO UTILIZE FOR ITS
OWN ACCOUNT. MULCAHY

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